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FISCAL IMPACT STATEMENT

LS 7525

BILL NUMBER: SB 472

NOTE PREPARED: Feb 19, 2009

BILL AMENDED: Feb 12, 2009

SUBJECT: Medicaid Matters.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill allows certain individuals to participate in the Healthy Indiana Plan (HIP) without state funding.

It also allows a nonprofit organization and certain health care insurers and health maintenance organizations to contribute to the health care account of a HIP participant under certain circumstances.

The bill specifies that the minimum amount paid by certain plan participants into the participant's health care account is \$60.

The bill repeals a provision allowing individuals to obtain health care coverage that is the same as the HIP if the plan has reached maximum enrollment using standard underwriting practices.

The bill requires the Secretary of Family and Social Services to report to the Select Joint Commission on Medicaid Oversight before September 1, 2009, on; (1) the status of the Disproportionate Share Hospital (DSH) program and any changes needed for the system; and (2) the establishment of the enhanced payments for medical education and critical needs hospitals.

Effective Date: (Amended) Upon passage; July 1, 2009.

Explanation of State Expenditures: (Revised) *HIP Minimum Contribution:* The bill would require a minimum contribution of \$5 per month from all participants in the HIP program. Currently, approximately 14,000 individuals with incomes below 100% of the FPL are exempted from making sliding scale-based payments into their health savings account. This provision would result in annual health savings account

deposits of \$840,000 being made by participating individuals, reducing the federal and state subsidy.

Unsubsidized Participation in HIP: The bill would allow an otherwise qualified individual to participate in the HIP coverage with no state subsidy, either because the program has reached maximum enrollment or the individual has too much income. Under this HIP option, the benefit plan would not include the \$500 of state-provided qualifying preventive care services. The bill would require that individuals participating under this option contribute \$1,100 to the individual's health care account and any other costs associated with participation in the HIP program.

HIP Assistance or Incentives: The bill would allow a not-for-profit organization that is not affiliated with a health care plan to contribute up to 50% of an individual's required premium payment. This provision would allow not-for-profits to provide some assistance to HIP enrollees either on a temporary or long-term basis. The bill would also allow an insurer or managed care organization contracted with the OMPP to provide rewards as incentives. The bill specifies that the incentives cannot be given to induce an individual to receive services from a particular health care provider or facility. Rewards must be deposited in the individual's health care account, or if the account is fully funded, it may be provided directly to the individual.

Additionally, insurers or health maintenance organizations that contract with the OMPP to provide coverage under HIP are prohibited from distributing information or materials related to a specific health care provider or facility to an eligible individual or participant.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, FSSA.

Local Agencies Affected:

Information Sources: OMPP, FSSA.

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